

GENERAL INFORMATION AND INSTRUCTIONS FOR CITY OF TROY TAX RETURN

WHO MUST FILE A RETURN

All individuals, partnerships, corporations, and other entities having income taxable by Troy. All partnerships, corporations, and other entities located in Troy are required to file a return even if no tax is due the City of Troy. All residents 18 years of age and older are required to file even if no taxable income is received. Troy residents who are retired or permanently disabled and who do not anticipate any earned income in current or future years may file a Certification Form and avoid future filing of the city tax return.

NOTE: Taxpayers whose only taxable income is wages, salaries, and fees reported on W-2's and 1099's are required to complete only that portion of the return outlined in red and the Declaration of Estimated Troy Income Tax, if applicable.

SCHEDULE X IS OPTIONAL. IF YOU CHOOSE TO ADJUST TO THE FEDERAL RETURN, SEE SCHEDULE X INSTRUCTIONS.

TROY INCOME TAX DEPARTMENT

Location and Mailing Address
100 South Market Street
Troy, OH 45373-3376
(937) 339-3861

Assistance Hours:

8:00 A.M. to 5:00 P.M. Monday thru Friday
9:00 A.M. to 12:00 Noon the last two Saturdays in April

FILING STATUS

The tax due is the same for joint or separate filers. However, while there is no advantage for married taxpayers to file separately, joint or separate returns are permissible for married taxpayers. Filing status must be indicated and spouse's Social Security Number must be shown for married taxpayers filing separately.

DOCUMENTATION

All wages, salaries and fees must be substantiated by copies of W-2's or 1099's. REQUEST AN ITEMIZED BREAKDOWN BY CITY FROM YOUR EMPLOYER IF YOUR W-2's ARE MARKED "VARIOUS" OR "ALL CITIES" IN THE LOCAL TAX WITHHELD BOX. Federal Schedules may be attached in lieu of completing Schedules C, G, and H on page 2 of the return. Federal Schedules must be attached if Federal Adjusted Gross Income is used on line 3 and/or amounts are included on lines 4 or 5 on page 1 of the return.

EXCLUSIONS FROM TAXATION:

- A. Interest and dividends are not taxable.
- B. Funds received from local, state or federal governments because of service in the Armed Forces of the United States by the person rendering such service, or as a result of another person rendering such service.
- C. Poor relief, pensions, including social security benefits, unemployment compensation or similar payments, including disability benefits received from private industry or local, state or federal government, or from charitable, religious or educational organizations.
- D. Alimony received.
- E. Any charitable, educational, fraternal or other type of non-profit association or organization enumerated in Section 718.01 of the Revised Code of Ohio which is exempt from the payment of real estate taxes is exempt from payment of the tax imposed by this ordinance.
 - a. Any association or organization falling in the category listed in the preceding paragraph not exempt from the payment of real estate taxes is required to file declarations and final returns and remit the taxes levied under this ordinance on all business activities of a type ordinarily conducted for profit by taxpayers operating for profit.
 - b. Where such non-profit association or organization conducts income producing business both within and without the corporate limits, it shall calculate its profits allocable to the City of Troy.
- F. Any association, organization, corporation, club or trust, which is exempt from Federal taxes on income by reason of its charitable, religious, educational, literary, scientific, etc. purposes.
- G. Gains from involuntary conversion and capital gains, cancellation of indebtedness, interest on Federal obligations, items of income already taxed by the State of Ohio, as of the date of enactment of Ordinance No. 35-66 (being 7/5/66), and income from a decedent's estate during the period of administration (except such income from the operation of a business).
- H. Earnings and income of all persons 15 years of age and under or news carriers under 18 years of age.

RETIREMENT PLANS: No deduction is allowed for IRA, Keogh, deferred compensation or similar employee contributed retirement plans.

REFUNDS: Are allowed only when city income tax has actually been paid to the City of Troy. No refund under \$1.00 will be issued. No refund will be issued or overpayment allowed until all provisions of the Tax Ordinance have been complied with. No refund will be processed that is requested because tax was withheld and paid to another city at a higher rate. Returns so submitted will be adjusted without notification to the taxpayer.

PENALTY AND INTEREST: Interest and penalty will be assessed on any tax liability not paid by due date. Returns filed after due date will be charged \$15.00 in addition to penalty and interest.

COMPLETE RETURN: If preprinted name and address is incorrect or incomplete you should make the necessary changes. All returns should indicate Social Security Number or Federal Identification Number and any change in address.

INSTRUCTIONS FOR PAGE 1 OF

TROY INCOME TAX RETURN

Enter Calendar Year Income was earned.

If the return is made for a period other than the calendar year, insert the beginning and ending date of the period in fiscal period boxes.

Enter Account Number, Name, and Address; Social Security or Employer ID number, Complete Residency and Filing Status boxes.

LINE 1: Include all wages, salaries, tips, employer paid benefits (such as 125 cafeteria plan benefits) and any portion of wages deferred from Federal or State taxation from W-2's or 1099's. Filers with no Troy Taxable Income other than gross wages, salaries, tips and other compensation included on line 1 are required only to complete the appropriate information, lines outlined in red (lines 1; 9 thru 14; signature).

LINE 2: Enter the total income from C, G, H and Z from page 2 or attached Federal Schedules.

LINE 3: Enter the total of lines 1 and 2. Should you choose to reconcile your Federal Tax Return to the Troy City Tax Return thru Troy City Schedule X the amount entered on Line 3 is your adjusted gross Federal income. Federal Adjusted Gross Income appears on line 31 of Federal Form 1040; line 16 of Federal Form 1040A; Line 4 of Federal Form 1040 EZ. (Complete Federal Return must be attached.)

LINE 4: Employees who are entitled to deduct expenses on Federal Form 2106 may use those expenses when computing the Troy City Income Tax. All 2106 expenses related to income taxed by Troy may be listed on line 4. Taxpayers reconciling to the Federal return and entitled to 2106 expense deduction should also use this line.

LINE 5: Self employed persons listing one half of self employment tax on line 25 of Federal Form 1040 and using the self employed health insurance deduction on line 26 of Federal Form 1040 and individuals who are entitled to deduct moving expenses on Federal Form 3903 as indicated on line 24 of Federal Form 1040 may deduct those amounts when computing the Troy City Income Tax, but only moving expenses related to income taxed by Troy. Enter the total of those amounts on line 5. Taxpayers using Federal Adjusted Gross Income on line 3 of the City Tax Return should not use this line.

LINE 6: Enter total of line 3 less any amounts entered on line 4 and line 5.

LINE 7: Lines 7A & 7B are used only by taxpayers who are reconciling to the Federal Tax Return.

A. Enter total of items not deductible from line M., Schedule X, Page 2.

B. Enter total of items not taxable from line Z, Schedule X, Page 2.
LINE 8: A. Enter income from line 3 or 6 plus items not deductible (line 7A) and/or less items not taxable (line 7B).

B. Enter amount allocable to Troy if business allocation formula (Schedule Y, Page 2) is used. Formula is used by businesses doing business within and outside of Troy and actual records of Troy business are not maintained.

LINE 9: Enter amount subject to Troy income tax (line 1 or line 3 or line 6 or line 8A or line 8B, as applicable).

LINE 10: Enter the tax computed at 1.75% of the taxable income shown on line 9. (Multiply taxable income by .0175)

LINE 11: A. Enter the total Troy tax withheld.

B. Enter amount paid on Declaration of Estimated Troy Income Tax and prior year credits.

C. Enter the earned income taxes paid to another municipality if you are a resident of Troy. The credit claimed cannot exceed the amount of tax which would be due the City of Troy on the same income. Example: Wages earned in another city total \$10,000 and the tax rate in that other city is 2.25%. The tax paid to that other city is \$225.00. The credit on line 11C cannot exceed the Troy rate of 1.75% and the maximum credit on that income is \$175.00.

X: Enter total of lines 11A, 11B, and 11C.

LINE 12: A. If line 10 is greater than line 11X, the difference should be entered on line 12A.

B. Delinquent returns and payments are subject to a penalty of one-half (1/2) percent per month or ten (10) percent, whichever is greater and interest at (1/2) percent per month. Returns filed after the due date are also subject to a \$15.00 late filing fee.

LINE 13: Enter the total amount due. The amount shown to be due must be paid with the return. Checks or money orders should be made payable to **City of Troy, Ohio**.

LINE 14: If line 11X is greater than line 10, enter difference here which indicates an overpayment. Show whether you want the overpayment credited to your next year's declaration or refunded.

INSTRUCTIONS TO PREPARE D-1 DECLARATION OF ESTIMATED INCOME

See General Instructions—Declaration of Estimated Income at the bottom of this page.

15. Enter the total estimated taxable income for current year. Include all income subject to Troy Tax, such as salaries, wages, commissions, etc. before any payroll deductions, net income from business, profession, rental and other sources.

16. Enter estimated Troy Tax which is 1.75% of Line 15.

17. Deduct the amount of tax, if any, which has been or will be withheld for Troy and/or income taxes to be paid another city (up to the 1.75% Troy rate).

18. This is the amount of tax declared for current year.

19. Enter any overpayment from previous year that you want credited to your estimated tax (see line 14).

20. Subtract Line 19 from Line 18. This is your net tax due.

21. Enter amount you are paying with the filing of your Declaration of estimated tax. You may pay the tax in full, which will simplify your filing, or in four installments, the payment dates for which are indicated below in General Instructions—Declaration of Estimated Income. Amount on line 21 should not be less than 1/4 of line 18 less credits from line 19.

22. If you are not paying in full, enter the balance payable in installments on Line 22.

SIGNATURE

Sign and date your return before submitting it to the Department of Taxation. A return is not "filed" within the meaning of the law until signed by the taxpayer or an agent legally authorized to sign tax returns for such taxpayer. If the return is prepared by someone other than the taxpayer, such person should also sign the return.

INSTRUCTIONS FOR PAGE 2 OF INCOME TAX RETURN

SCHEDULE C PROFIT (OR LOSS) FROM BUSINESS OR PROFESSION.

If you operate under the same or different trade names at more than one location, and separate books are kept for each location, a separate copy of Schedule C should be attached for each location, in which case the amount entered on line 19 represents the total net profit or loss from all locations. Do not include in this schedule the cost of goods withdrawn for personal use or deductions not connected with the business or profession. Use Form R Supplement for cost of goods sold or cost of operations when applicable. Form R Supplement is available from the Tax Department upon request.

SCHEDULE G. INCOME FROM RENTS

This schedule corresponds to the rent schedule of Federal Form 1040. If space is inadequate, attach a separate sheet giving additional detail or use Form R Supplement for depreciation and other required schedules. Form R Supplement is available from the Tax Department upon request.

SCHEDULE H. INCOME FROM OTHER SOURCES

Report in this schedule any other income you may have which is subject to Troy tax. For example, a Troy resident may be a member of a partnership not located or doing business in Troy. Such a partnership, as a business entity, is not required to file returns and pay the tax. This Troy resident, nevertheless, is subject to tax on the income he enjoys from that partnership and must report the income in Schedule H. List fees that are not included as part of the net profits or a trade, business or profession, tips, bonuses and partnership income on which the tax has not been paid by the partnership entity.

SCHEDULE X: RECONCILIATION WITH FEDERAL INCOME TAX RETURN.

Reconciling the Federal Income Tax Return to the Troy Income Tax Return is optional. Should you choose to reconcile the Federal and City Return the Schedule X is provided. The total of the items listed in the left hand column (A through K as shown on line M) are to be added to the Federal net income. The total of the items listed in the right hand column (N through Y as shown on line Z) are to be deducted from the Federal net income. Federal forms that may be reconciled through Schedule X are: 1120; 1120A; 1120S; 1041; Schedule K-1; 1040EZ; 1040; 1040A; Schedule C; Form 1065. Schedule X can be used only when Federal Adjusted gross income is used on line 3 of City Tax Return. Adjusting City Return to Federal Return thru Schedule X is optional.

SCHEDULE Y. BUSINESS ALLOCATION FORMULA

To be used by Troy and outside businesses in absence of actual records.

SCHEDULE Z. PARTNER'S DISTRIBUTIVE SHARES OF NET INCOME.

Line 7 of this schedule represents 100% of the net income of the partnership of the taxable period. A copy of Federal Form 1065 and related schedules may be attached in lieu of completing this schedule. If any member of the partnership is entitled to allocate his portion of the partnership income by reason of being a nonresident, Schedules Y and Z must be completed if this schedule is used, itemize each member's distributive share of net income.

GENERAL INSTRUCTIONS - DECLARATION OF ESTIMATED INCOME

1. PURPOSE OF DECLARATION: The purpose of the Declaration is to enable certain taxpayers as specified in Item 2 below, to estimate their taxable income and to provide a basis for paying the tax quarterly. Such taxpayers must also file an annual return of actual taxable income and pay any balance of tax due. The rate of the Troy Income Tax is 1.75% of all taxable income.

2. WHO MUST MAKE A DECLARATION:

- Every resident of the City of Troy who expects to receive taxable income, wherever earned, from which the City of Troy Income Tax will not be withheld.
- Every non-resident of the City of Troy who expects to receive taxable income, earned or derived from within the City, from which the City of Troy Income Tax will be withheld.
- No Declaration of Estimated Troy Income Tax is required if 70% of the total amount due Troy is withheld by a Troy employer.
- Every business entity, such as corporations, partnerships, fiduciary of active trusts, unincorporated businesses or professional entities conducting activities or producing income from within the City.

3. WHEN AND WHERE TO FILE DECLARATION: File on or before April 30 of the tax year, with the Department of Taxation, City Building, Troy, Ohio. All wage earners must file on a calendar year basis. Fiscal year taxpayers shall file on or before the last day of the fourth month following the beginning of their fiscal year.

4. PAYMENT OF ESTIMATED TAX: The estimated tax may be paid in full with the declaration, or in equal quarterly payments on or before April 30, July 31, October 31, and January 31. The estimate may be amended at the time of making any quarterly payment. Fiscal year taxpayers shall substitute the months which correspond to the months shown above. Checks or Money Orders should be made payable to the City of Troy, Ohio.

5. 70% of the current year's actual tax obligation or an amount of tax equal to the previous year's actual is payable within one month after the year end tax period. 10% penalty and 1/2% interest per month is charged on all delinquent taxes.

6. VIOLATIONS: Failure of taxpayers to file an estimate may cause the imposition of additional penalties.

7. AMENDMENTS TO DECLARATION: If your income changes materially from the estimate made on your original declaration, an amended declaration may be required. You may obtain an amended Estimated Form D-1 by calling or writing the Troy Income Tax office.